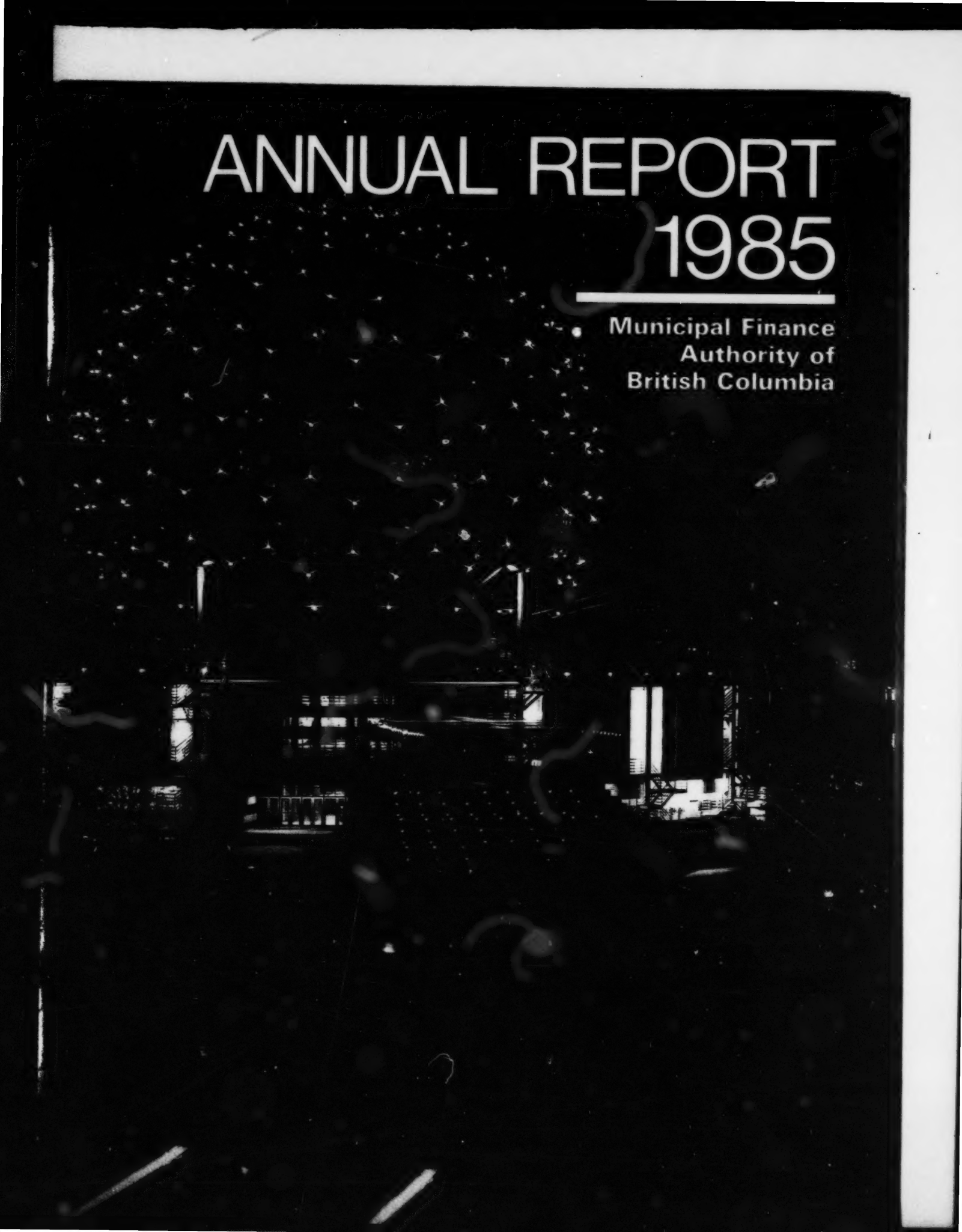


ANNUAL REPORT 1985

Municipal Finance Authority of British Columbia

Municipal Finance Authority of British Columbia

100 INTERNATIONAL HOUSE, 880 DOUGLAS STREET, VICTORIA, B.C. V8W 2B7

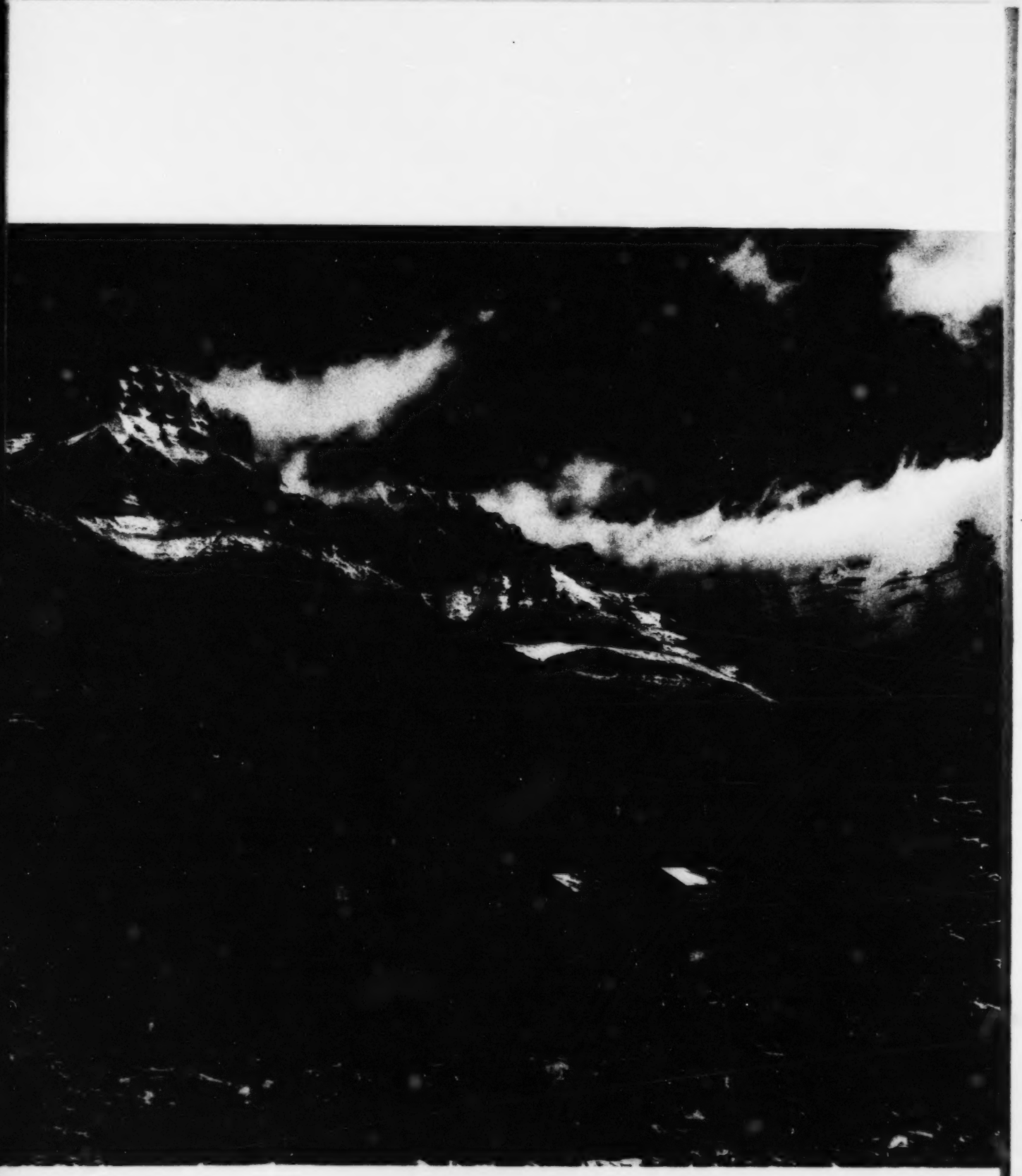
Contents

Members and Officers — 1985	4
Chairman's Report — 1985	5
How the Municipal Finance Authority of British Columbia Functions	10
Schedule of Loans to Regional Districts Outstanding at December 31, 1985	13
The Growth and Stability of British Columbia's Municipalities	14
Auditors' Report and Financial Statements	17
Ten-Year Review — Combined Funds	36
Brief Description of Outstanding Bond Issues	
— Canadian Dollar Bonds Issued in Canada	38
— Canadian Dollar Bonds Issued in Europe	46
— U.S. Dollar Bonds Issued in Europe	46
— U.S. Dollar Bonds Issued in the United States	48

COVER PHOTO

Expo '86, Vancouver, British Columbia, May 2 - October 13, 1986, and Skytrain

Photomontage courtesy of Perspective 5

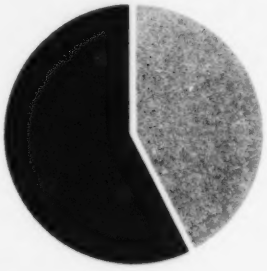


Lake O'Hara, Yoho National Park, East Kootenay Regional District *Courtesy Tourism B.C.*

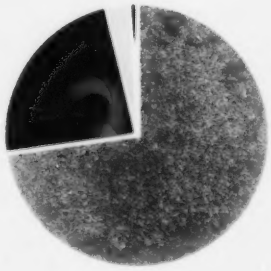
Annual Statement Highlights

	MILLIONS OF DOLLARS	
	DECEMBER 31 1985	DECEMBER 31 1984
Total assets — combined funds	1,330	1,325
Loans to Regional Districts outstanding	1,123	1,127
Long-term debt outstanding (net of sinking funds)	1,133	1,148
Investments (including sinking funds)	158	139
Number of Regional and Water Districts participating	29	29
Number of Municipalities participating	136	136

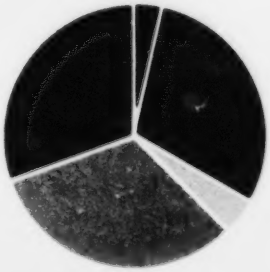
NEW LONG-TERM DEBT ISSUED IN 1985 — BY CURRENCY OF PAYMENT



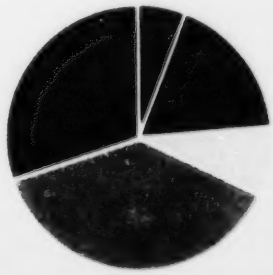
LONG-TERM DEBT OUTSTANDING AT DECEMBER 31, 1985 — BY CURRENCY OF PAYMENT



NEW LOANS TO REGIONAL DISTRICTS IN 1985 — BY PURPOSE



TOTAL LOANS TO REGIONAL DISTRICTS 1971-1985 — BY PURPOSE



Members and Officers — 1985

MEMBER	REGIONAL DISTRICT
Alderman J. Stanhope	*Alberni-Clayoquot Regional District*
Director G. E. McFee	*Bulkley-Nechako Regional District*
Alderman H. F. Sturrock	*Capital Regional District*
Mayor R. G. Marks	*Cariboo Regional District*
Director D. Kuch	*Central Coast Regional District*
Director L. C. Fowler	*Central Fraser Valley Regional District*
Director G. B. Cady	*Central Kootenay Regional District*
Alderman J. H. Stuart	*Central Okanagan Regional District*
Director D. Crandall	*Columbia-Shuswap Regional District*
Director K. A. Hudson	*Comox-Strathcona Regional District*
Director G. Giles	*Cowichan Valley Regional District*
Mayor D. Griffin	*Dewdney-Alouette Regional District*
Director H. Tapp	*East Kootenay Regional District*
Mayor J. Jansen	*Fraser-Cheam Regional District*
Alderman A. Stauble	*Fraser-Fort George Regional District*
Mayor E. Burnett	*Greater Vancouver Regional District*
Alderman A. H. Emmott	*Greater Vancouver Regional District*
Mayor D. Humphreys	*Greater Vancouver Regional District*
Mayor J. E. Loucks	*Greater Vancouver Regional District*
Mayor D. A. Ross	*Greater Vancouver Regional District*
Mayor H. Giesbrecht	*Kitimat-Stikine Regional District*
Director R. Walker	*Kootenay Boundary Regional District*
Mayor G. Popovich	*Mount Waddington Regional District*
Director G. S. Wright	*Nanaimo Regional District*
Mayor N. R. P. Duke	*North Okanagan Regional District*
Director D. R. McDougall	*Okanagan-Similkameen Regional District*
Director D. Edwards	*Peace River-Liard Regional District*
Director L. Emmonds	*Powell River Regional District*
Mayor P. J. Lester	*Skeena-Queen Charlotte Regional District*
Director R. D. Cumming	*Squamish-Lillooet Regional District*
Director J. Gurney	*Sunshine Coast Regional District*
Alderman P. A. Wallace	*Thompson-Nicola Regional District*

BOARD OF TRUSTEES

Alderman J. H. Stuart, CHAIRMAN
Director R. D. Cumming
Alderman A. H. Emmott
Mayor R. G. Marks
Mayor D. A. Ross
Alderman H. F. Sturrock
Alderman P. A. Wallace

OFFICERS

CHAIRMAN:
Alderman J. H. Stuart

ACTING CHAIRMAN:
Mayor D. A. Ross

SECRETARY-TREASURER:
J. R. Craven

DEPUTY SECRETARY-TREASURER:
W. C. Greer

AUDITORS

PEAT, MARWICK, MITCHELL & CO.
VANCOUVER, B.C.

SOLICITORS: BOND COUNSEL

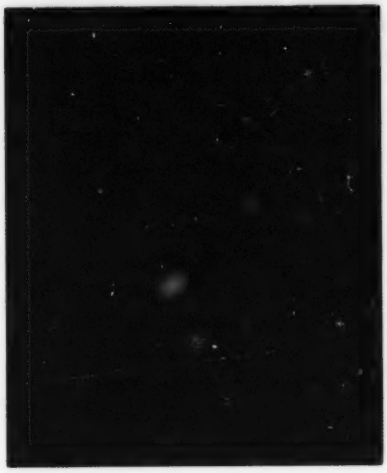
FARRIS, VAUGHAN, WILLS & MURPHY
VANCOUVER, B.C.

SOLICITORS: GENERAL COUNSEL

COX, TAYLOR, BRYANT
VICTORIA, B.C.

Chairman's Report — 1985

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA



Alderman James H. Stuart
CHAIRMAN

It is my pleasure and privilege to submit the fifteenth annual report of the Municipal Finance Authority of British Columbia.

Since 1971, when our first issue was launched, we have seen many changes in the world's financial markets. As electronics link countries, the daily events in Europe, the U.S. and Japan impact on the Canadian economy almost at the same moment they happen many thousands of miles away.

In response to this acceleration of events, our systems at the Municipal Finance Authority grow increasingly more complex.

On the investment side, as the Sinking Funds, Debt Reserve Fund, and the Capital Repayment Equalization Funds continue to grow, matters of interest rates and foreign exchange rates are monitored regularly each day.

Compared with previous decades a great deal of movement occurred throughout the seventies and eighties. Our 1972 Canadian prime rate of 6% rose to 11.5% by 1974, declined to 8.25% by 1977, and peaked at 22.75% in 1981. The general direction since then, year by year, has been downward at least until the close of 1985.

Surprisingly these declines in interest rates since 1981 have not produced a speedy return to prosperity in British Columbia. Timber, pulp and paper and the mining sectors still continue to languish. The excessive interest rates of 1981 have left an indelible mark on the ways that we approach business and government in 1985.

The presently falling oil prices could assist in lowering inflation thus producing lower interest rates. The unfortunate side effect of a $15 barrel of oil is to place a number of our Canadian energy megaprojects on the endangered species list. Conversely a lower Canadian dollar may have the result of making Canadian energy products more saleable in the United States.

The present volatility in foreign exchange will give us all something to ponder in the years ahead. As a nation we incur some advantages from a lower Canadian dollar as far as our exports to the U.S. are concerned; conversely a lower Canadian dollar means more cost to those municipalities in U.S. loans and, occasionally, raises the threat of protectionist legislation from the U.S. which might impact particularly on our timber products.

In addition to the foregoing variables the eighties have posed new challenges. Our requests for borrowings are down. At one time $150 to $200 million was our yearly appetite for current requirements alone. This year we borrowed only about half that amount including refundings. We now pay off more debt annually than what we borrow, and while this is good for local government balance sheets, it has an effect on the liquidity of MFA debenture issues.

During 1985, we raised $50 million U.S. in Europe plus a total of $37.3 million in current requirements by way of two new issues. On May 7, 1985, we launched a $21.8 million, 20 year sinking fund issue in the Canadian domestic market. The issue was priced at par with an interest rate of 12%. We were able to negotiate an optional call feature similar to our last issue which enables us to call the issue at or any time after the 15th year. These call features are very valuable. Our experience with sinking funds over the years has shown that they could be fully funded much earlier than estimated.

On November 5, 1985, we launched a $15.5 million, 20 year issue in the Canadian domestic market. The bonds were priced at par with an interest rate of 11%. Again, the small size of this issue troubled us somewhat because institutional buyers generally do not support smaller issues. This means that strong demand from retail buyers must be present before we can proceed. During the first week of November, because of a shortage of bonds with long maturities and a strong market caused by investors moving their money from small banks, demand *was* there and the issue was successfully floated.

This particular issue can be reopened in the future if rates and requirements blend to give us the option of expanding the size of a specific issue in the years to come (which could also mean an improvement in liquidity in future years.)

Since becoming Chairman in 1976, I have felt that as much as possible of our new financings should be done in Canadian funds. Since 1977, new financings totalling just over $1 billion have been raised by the Municipal Finance Authority in the international financial markets. Approximately 82.7% of this amount has been in Canadian funds with the balance of 17.3% in U.S. funds. Prior to 1977, the $319 million raised was 30.6% in Canadian funds, 63.9% in U.S. funds and the remaining 5.5% in other currencies.

Rating Agencies have an important effect on the cost of our borrowing and, over the years, we have spent a considerable amount of time on updates and explanations to Moody's and Standard and Poor's. Both these Agencies are based in New York. At the present time we maintain a triple A rating from Moody's and a double A+ from Standard and Poor's.

Recently, we were rated by the Canadian Bond Rating Service and our preliminary rating was AA. We plan a further submission to the Canadian Bond Rating Service in 1986 once further statistics on British Columbia municipalities become available.

We have found that although the MFA concept is a difficult one to grasp, it is much appreciated once fully understood. Our trustees and staff continue to devote a great deal of time to explaining the Authority to investors and rating agencies as well as updating them on British Columbia's gradually awakening economy.

As Chairman I have always felt that this is time and money well spent, and I hope to see the CBRS rating gradually improve over the years. The ranks of triple A borrowers are certainly thinner since the recession of 1981.

This year the Board of Trustees grappled with two rollover opportunities. Only about 15% of the Trustees' and staff's time is devoted to pricing, launching, and documenting new issues. Whether the size of the issue is large or small, the procedure remains the same; but the analysis of rollover opportunities for 1985 consumed twice as much time as financing our current requirements. Our most interesting analysis involved the 1981 17% Euro-U.S. Debentures maturing in 1997, which were callable or retractable every four years. It was to our advantage to call the issue.

After much consideration, we launched an issue of $50 million Euro-U.S. Bonds with an annual interest rate of 11.25% (equivalent to a semi-annual rate of

10.95%). This financing secured the semi-annual rate of 10.95% for 15 years and has call features after the 8th year should we wish to use them.

At the close of 1985, long-term debt outstanding was one billion, one hundred and ninety-one million; during 1985 payments of principal and interest in excess of $186 million were received from our regional districts and municipalities. At December 31, 1985, investments managed totalled $158 million, broken down as follows:

Debt Reserve Fund $31 million.
Sinking and related debt servicing funds $127 million.
Interest earnings in 1985 totalled $16.98 million.

The types of investments which may be held by the Municipal Finance Authority are regulated by our Act. At December 31, 1985 our portfolio consisted of $42.8 million of securities of or guaranteed by the Government of Canada, $29 million of securities of or guaranteed by Provincial governments, $44.7 million of securities of or guaranteed by Canadian chartered banks, $0.8 million of securities of B.C. credit unions, $2.5 million of securities of municipal governments in Canada and $38.2 million of obligations of the Municipal Finance Authority.

In 1985 after petitioning the Provincial Government for changes to our legislation, we were delighted to see our Act expanded to enable us to purchase securities of Canadian municipalities outside of British Columbia.

These recent legislative changes also permitted us to appoint registrars or transfer agents for the registration and transfer of our securities. Guaranty Trust Company now represents the Municipal Finance Authority in Toronto and Vancouver for our last debenture issue. This enables holders of the debentures to exchange and reregister their bonds in either of those two cities, or if they prefer, from our offices in Victoria.

We hope that this will, over time, eliminate the costly business of issuing bearer bonds.

In my last annual report I mentioned I was looking forward to better financing opportunities in 1985. We certainly found that was the case with rates easing by 200 basis points December 1985 over December 1984. I also hoped that we might see some real attempts to cut back the federal deficits in the U.S. and Canada. The market reaction to deficit cutting in Canada has been mixed and we are monitoring the Gramm-Rudman proposal which some expect will have the U.S. Federal deficit cut to zero by the early 1990's.

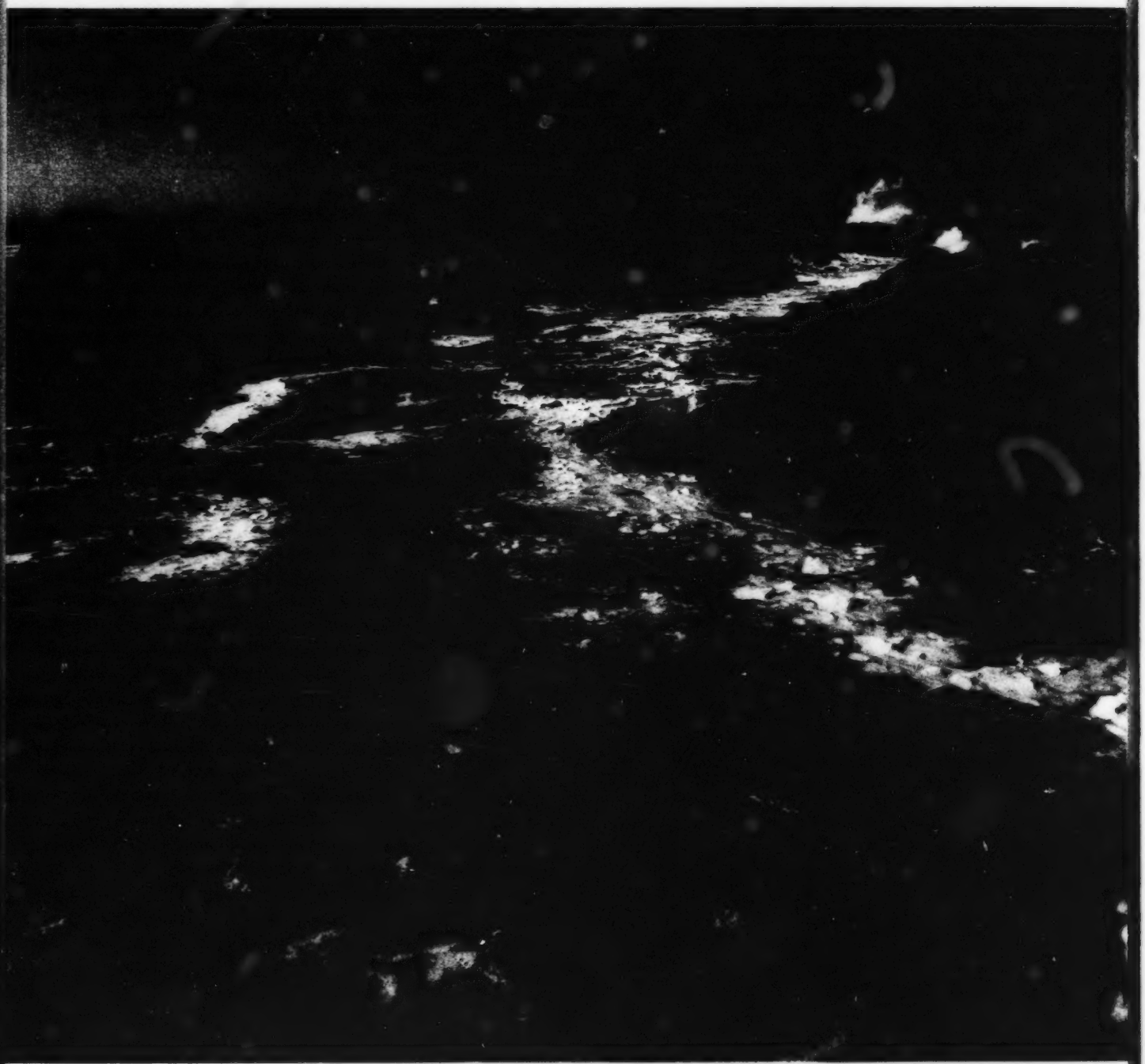
If these proposals are initially successful, they will have an effect on Canadian rates and the Canadian dollar. If the stage was set in Canada last year for a meaningful deficit cutting exercise, it would seem even more appropriate that this take place now.

The Municipal Finance Authority does not work in isolation, and I would like to record our thanks to the Ministry of Municipal Affairs and the Ministry of Finance who are to be commended for their continuing co-operation and support. Dealing with these Ministries is always a pleasure; formally and informally, the doors are always open. This exchange of information is an important component of our operation.

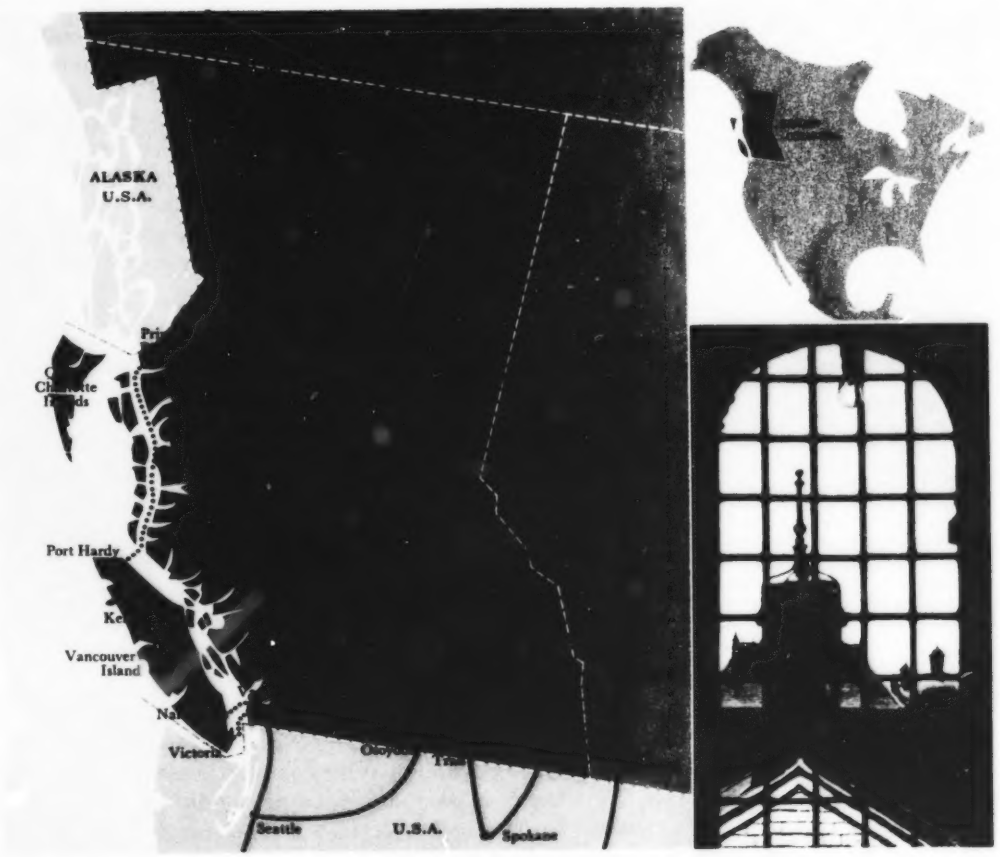
I will close by thanking the Board of Trustees and the staff of the Municipal Finance Authority for their energy and enthusiasm. It has been a real pleasure working with them throughout this year.

James H. Stuart

James H. Stuart, CHAIRMAN



Pacific Rim National Park, Alberni-Clayoquot Regional District *Courtesy Tourism B.C.*



"The object of the authority is to provide financing of capital requirements for regional districts and for their member municipalities by the issue of its securities and lending the proceeds from them to the regional district on whose request the financing is undertaken."

Municipal Finance Authority Act, Revised Statutes of British Columbia, 1979.

How the Municipal Finance Authority of British Columbia Functions

Responsibility

The Municipal Finance Authority of British Columbia was established in 1970 by the Municipal Finance Authority of British Columbia Act, Chapter 292, Revised Statutes of British Columbia, 1979.

Regional districts and municipalities in British Columbia finance through the Authority all long-term capital requirements except those met by senior levels of government.

The City of Vancouver is the only municipality in the Province which retains the right to issue its own securities to finance capital projects. Taxable land and improvements within the City of Vancouver are, nevertheless, subject to rates levied by the Municipal Finance Authority.

Representation

The Province of British Columbia is divided into twenty-eight regional districts, each of which is governed by a Regional Board consisting of representatives of its member municipalities and unincorporated areas.

The members of the Municipal Finance Authority are appointed by the Regional Boards; the number of members to which a regional district is entitled is based upon its population.

The executive and administrative powers and duties of the Authority are exercised and performed by a Board of Trustees consisting of the Chairman of the Authority and six other members, elected annually. The Capital Regional District and the Greater Vancouver Regional District must be represented on the Board of Trustees.

Funding

When the municipalities, through the regional districts, and the regional districts on their own behalf, wish to finance their capital projects, they present their approved requests to the Municipal Finance Authority.

Taking into account market and economic conditions pertaining, the members of the Authority may authorize the issue and sale of securities in an amount sufficient to meet the requests.

Securities of the Authority, not exceeding the amount authorized, may then be issued at such rates and pursuant to such terms and conditions and in such markets and currencies as the Board of Trustees may determine. Under the Act, the Authority has power to provide for the creation, management and application of sinking funds or other means of securing the repayment of securities issued by the Authority, including the redemption by call of securities issued subject to redemption in advance of maturity.

A separate account is maintained for each sinking fund security issue and moneys at the credit of a sinking fund which cannot be immediately applied toward paying the debt or discharging the obligation may be invested in:

(a) securities of the government of Canada or a province of Canada, or

(b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or

(c) securities of a municipality or regional district in British Columbia, or of a local, municipal or regional government in another province of Canada, maturing not later than the securities for which the sinking fund was created, or

(d) investments guaranteed by a Canadian chartered bank, or
(e) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act, or
(f) securities of the Municipal Finance Authority of British Columbia maturing not later than the securities for which the sinking fund was created; however, securities so purchased shall be held to the credit of the sinking fund account and shall not be resold.

Protection for Investors

In British Columbia, the combined credit of all the regional districts and their member municipalities—which together have essentially all the taxable land and improvements in the Province—stands behind the Authority's obligations.

In addition, the Authority has established a debt reserve fund into which each regional district sharing in the proceeds of a security issue having a term to maturity of over two years must contribute an amount equal to one-half the average annual instalment of principal and interest for repayment of the issue; such amount is payable to the Authority at the time of issue either in full or in an amount equal to one percent of the principal amount borrowed with the balance secured by a non-interest bearing demand note of the regional district issued to the Authority. Moneys paid into the debt reserve fund, and interest earned thereon, are obligations of the Authority to the regional districts and must be refunded to them when the final instalments of their loans have been repaid.

If, at any time, the Authority lacks sufficient funds to meet principal, interest or sinking fund payments due on its obligations, it must utilize the debt reserve fund, all or any part of which is available to satisfy the Authority's obligations, regardless of the sources of the moneys in the fund. In the event that payments are made from the debt reserve fund, the Authority will recover such payments from the regional districts involved in order to restore the debt reserve fund. If the Trustees are of the opinion that payments made from the debt reserve fund will not be recovered within a reasonable period, they may levy upon all taxable land and improvements in the Province a tax sufficient to restore the fund to its required amount. It is mandatory for the Trustees to levy such a tax when the balance in the debt reserve fund is less than fifty percent of the required amount. The Trustees' power to impose taxes does not require the permission or approval of any other governmental authority. Pending the receipt of such taxes, the Authority may borrow an equivalent amount to meet its obligations.

The provincial government has undertaken to assure that the debt reserve fund will be maintained in accordance with the Municipal Finance Authority Act and the Inspector of Municipalities may inspect the fund from time to time and issue a certificate that it has been maintained at the proper level.

Moneys in the debt reserve fund may be invested in:

(a) securities of the government of Canada or a province of Canada, or
(b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or
(c) deposits in, or investments guaranteed by a Canadian chartered bank, or
(d) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act.

Such investments must mature or be callable within five years and at least twenty-five percent of the fund must be callable within ninety days.

Additional Protection for Investors

Regional districts and their member municipalities financing through the Municipal Finance Authority must obtain the same provincial approvals as would be required if they were issuing their own securities. In this way, all the safeguards imposed by the Provincial Legislature on the incurring of indebtedness by regional and municipal governments are retained. Such safeguards include the requirement that the Inspector of Municipalities approve the debt and user charges, if any, and other taxes to service the debt. In addition, sewer and water projects require the issuance of a certificate of self-liquidation by the Inspector of Municipalities.

Limitations on the borrowing power of a regional district for each function may be specified in its letters patent. The total indebtedness which a municipality may contract is limited to a percentage of the assessed value for general municipal purposes of the taxable land and improvements within the municipality and the value of the utility systems and other municipal enterprises for which the municipality has a subsisting certificate of self-liquidation granted by the Inspector of Municipalities.

Schedule of Loans to Regional Districts

OUTSTANDING AT DECEMBER 31, 1985
THOUSANDS OF DOLLARS

	Principal Outstanding Dec. 31, 1984	1985		Principal Outstanding Dec. 31, 1985
		New Loans Issued	Principal Repaid	
REGIONAL DISTRICTS				
Alberni-Clayoquot	$ 5,715	3,432	460	8,687
Bulkley-Nechako	15,562	120	512	15,170
Capital	91,947	2,280	4,073	90,154
Cariboo	31,186	1,787	1,028	31,945
Central Coast	—	—	—	—
Central Fraser Valley	69,282	86	2,025	67,343
Central Kootenay	16,479	614	585	16,508
Central Okanagan	37,833	4,991	1,309	41,515
Columbia-Shuswap	15,012	1,584	646	15,950
Comox-Strathcona	50,573	1,025	1,562	50,036
Cowichan Valley	25,116	—	918	24,198
Dewdney-Alouette	47,214	2,244	1,175	48,283
East Kootenay	66,406	1,579	1,992	65,993
Fraser-Cheam	14,801	660	504	14,957
Fraser-Fort George	60,600	2,693	2,258	61,035
Greater Vancouver	200,839	2,410	9,394	193,855
Kitimat-Stikine	14,133	1,700	843	14,990
Kootenay-Boundary	11,212	39	408	10,843
Mount Waddington	5,722	525	183	6,064
Nanaimo	62,252	260	2,012	60,500
North Okanagan	25,751	1,401	926	26,226
Okanagan-Similkameen	25,832	85	892	25,025
Peace River-Liard	84,597	4,794	3,460	85,931
Powell River	5,801	50	259	5,592
Skeena-Queen Charlotte	21,237	206	760	20,683
Squamish-Lillooet	15,177	1,740	414	16,503
Sunshine Coast	8,142	—	258	7,884
Thompson-Nicola	72,382	1,079	2,599	70,862
WATER DISTRICTS				
Greater Campbell River	3,429	—	90	3,339
Greater Nanaimo	23,184	—	509	22,675
	$ 1,127,416	37,384	42,054	1,122,746

The Growth and Stability of British Columbia's Municipalities

ASSESSMENT

The British Columbia Assessment Authority, a provincially-appointed body, is responsible for assessment throughout the Province.

The fundamental principle underlying the Assessment Act is that land and improvements must be valued at their actual value (i.e., fair market value).

The actual value totals for the Province in the years 1980 to 1985 were as follows:

1980	$ 94.1 billion	1983	$ 138.3 billion
1981	$ 123.1 billion	1984	$ 140.8 billion
1982	$ 157.1 billion	1985	$ 145.7 billion

Property is segregated by type or use into property classes prescribed by the Lieutenant Governor in Council.

The value subject to taxation after applicable exemptions is referred to as the net taxable value.

A variable tax rate system was introduced in 1984 which transferred the variability factor from the assessed value to the taxation process controlled by each taxing authority. Municipal and other taxing authorities now set tax rates for each class of property to produce the level of taxation desired.

SOURCE: BRITISH COLUMBIA ASSESSMENT AUTHORITY

TAX LEVIES AND COLLECTIONS

The following table sets forth the tax levies and the collection experience of the regional districts and municipalities in British Columbia for the years 1980 through 1984:

Tax Levies and Collections by the Regional Districts and Municipalities Therein

MILLIONS OF DOLLARS

	1984	1983	1982	1981	1980
Current tax levy	1,748	1,685	1,661	1,395	1,108
Arrears	157	146	77	46	46
Total taxes	1,905	1,831	1,738	1,441	1,154
Current taxes collected	1,654	1,586	1,553	1,339	1,077
Current collections as per cent of current tax levy	94.62%	94.12%	93.50%	95.99%	97.24%
Arrears collected	107	93	49	34	35
Total collections as per cent of current tax levy	100.74%	99.64%	96.45%	98.42%	100.43%

SOURCE: MINISTRY OF MUNICIPAL AFFAIRS

Revenues and Expenditures of the Regional Districts and Municipalities therein

MILLIONS OF DOLLARS

	1984	1983	1982	1981	1980
REVENUES:					
Real property taxes	759	710	683	558	456
Other taxes	93	107	111	99	85
Total taxation	852	817	794	657	541
Contributions, grants and subsidies:					
Federal	24	23	21	18	16
Provincial	265	278	244	294	237
Taxes collected for school authorities	857	852	862	747	571
Other revenues—general	390	366	369	317	260
Other revenues—sewers	49	43	41	44	38
Other revenues—utilities	126	131	109	98	85
	2,563	2,510	2,440	2,175	1,748
Transfers from reserves	57	50	70	76	39
Transfers from surpluses of prior years	30	23	34	29	27
	2,650	2,583	2,544	2,280	1,814
EXPENDITURES:					
General government	189	181	178	151	121
Fire and police	341	327	311	260	207
Public works and sanitation	231	226	237	195	167
Public health	43	38	38	31	28
Social welfare	3	2	11	34	30
Recreation and community services	213	204	205	167	141
Debt charges	275	252	224	195	161
Taxes transmitted to school authorities	857	857	862	747	571
Other expenditures—general	170	132	132	115	76
Other expenditures—sewers	33	32	32	28	25
Other expenditures—utilities	83	116	78	70	63
Contributions to capital—general	75	79	96	137	99
Contributions to capital—sewers	3	4	4	4	3
Contributions to capital—utilities	11	10	13	11	10
	2,527	2,460	2,421	2,145	1,702
Transfers to reserves	91	85	89	77	75
Operating surplus	32	38	34	58	37
	2,650	2,583	2,544	2,280	1,814

SOURCE: MINISTRY OF MUNICIPAL AFFAIRS

Bridge Lake, Cariboo Regional District *Courtesy Tourism B.C.*

Auditors' Report — 1985

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

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We have examined the balance sheets of the Operating Fund, Debt Fund, Capital Repayment Equalization Fund, Debt Reserve Fund and Market Development Fund of Municipal Finance Authority of British Columbia and the combined balance sheet of these funds as at December 31, 1985, the statements of revenue, expenditure and surplus of each of these funds, the combined statement of revenue, expenditure and surplus of these funds and the Debt Fund statement of debt financing for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1985, and the results of its operations and the acquisition and application of its financing for the year then ended in accordance with accounting principles described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia, Canada
January 30, 1986

Peat, Marwick, Mitchell & Co.

CHARTERED ACCOUNTANTS

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Balance Sheets

DECEMBER 31, 1985 — WITH COMPARATIVE FIGURES FOR 1984
THOUSANDS OF DOLLARS

	OPERATING FUND		DEBT FUND	
	1985	1984	1985	1984
ASSETS				
Cash	$ 140	114	2,194	2,435
Receivables:				
Due from Operating Fund	—	—	—	—
Due from Capital Repayment Equalization Fund	—	—	34,439	33,607
Accrued interest	4	3	—	—
Other	27	36	—	—
Total receivables	31	39	34,439	33,607
Investments (Note 2)	—	—	—	—
Demand notes receivable from Regional Districts, without interest	—	—	—	—
Loans to Regional Districts (Note 3)	—	—	1,122,746	1,127,416
Deferred receivables from Regional Districts (Note 4)	—	—	19,318	21,573
Unamortized issue and refunding costs	—	—	2,066	1,100
	$ 171	153	1,180,763	1,186,131
LIABILITIES AND SURPLUS				
Liabilities:				
Accounts payable and unpresented matured debt	$ 45	58	2,194	2,435
Due to banks	—	—	1,455	4,939
Due to Debt Fund	—	—	—	—
Due to Market Development Fund	33	28	—	—
Due to sinking and other funds (Note 5)	—	—	6,363	464
Due to Regional Districts (Note 6)	—	—	—	—
Reserves for information systems enhancement	92	66	—	—
Long-term debt, net (Notes 7, 8 and 9) (Schedule)	—	—	1,132,875	1,147,629
Total liabilities	170	152	1,142,887	1,155,467
Surplus, per accompanying statement (Note 10)	1	1	37,876	30,664
Commitments (Note 11).				
	$ 171	153	1,180,763	1,186,131

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1985	1984	1985	1984	1985	1984	1985	1984
544	823	308	286	—	—	3,186	3,658
—	—	—	—	33	28	—	—
—	—	—	—	—	—	—	—
965	1,010	631	675	—	—	1,600	1,688
—	—	—	—	—	—	27	36
965	1,010	631	675	33	28	1,627	1,724
69,521	62,456	31,155	29,620	—	—	100,676	92,076
—	—	80,243	77,863	—	—	80,243	77,863
—	—	—	—	—	—	1,122,746	1,127,416
—	—	—	—	—	—	19,318	21,573
—	—	—	—	—	—	2,066	1,100
71,030	64,289	112,337	108,444	33	28	1,329,862	1,325,410
—	—	17	14	—	—	2,256	2,507
—	—	—	—	—	—	1,455	4,939
34,439	33,607	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	6,363	464
—	—	112,320	108,430	—	—	112,320	108,430
—	—	—	—	—	—	92	66
—	—	—	—	—	—	1,132,875	1,147,629
34,439	33,607	112,337	108,444	—	—	1,255,361	1,264,035
36,591	30,682	—	—	33	28	74,501	61,375
71,030	64,289	112,337	108,444	33	28	1,329,862	1,325,410

O. Craven

SECRETARY-TREASURER

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Statements of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1985 — WITH COMPARATIVE FIGURES FOR 1984
THOUSANDS OF DOLLARS

	OPERATING FUND		DEBT FUND	
	1985	1984	1985	1984
REVENUE				
Prior year's surplus appropriated	$ 1	1	—	—
Operating levy	361	351	—	—
Recoveries from new issues	82	190	—	—
Management fees	78	—	—	—
Gain on purchases of own debentures	—	—	939	2,031
Interest from investments	5	8	5,456	4,436
Interest from loans to Regional Districts	—	—	12,795	13,544
Principal from loans to Regional Districts	—	—	—	—
Recovery of deficiencies from Regional Districts	—	—	—	—
Transfers from Operating Fund	—	—	—	—
Transfers from Capital Repayment Equalization Fund	—	—	133,873	125,816
Transfers from Debt Reserve Fund	—	—	868	408
Other	35	—	—	155
Total revenue	562	550	153,931	146,390
EXPENDITURE				
Legislative	53	57	—	—
Administrative	473	467	—	—
Transfers to Debt Fund — capital	—	—	—	—
Transfers to Debt Fund — revenue	—	—	—	—
Transfers to Market Development Fund	35	25	—	—
Interest	—	—	146,027	138,879
Amortization of issue and refunding costs	—	—	403	213
Management fees	—	—	27	—
Allocations to Regional Districts	—	—	—	—
Other	—	—	262	—
Total expenditure	561	549	146,719	139,092
Excess of revenue over expenditure for the year	1	1	7,212	7,298
Surplus at the beginning of the year not appropriated to current revenue	—	—	30,664	23,366
Surplus at the end of the year	$ 1	1	37,876	30,664

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1985	1984	1985	1984	1985	1984	1985	1984
30,682	25,387	—	—	28	28	30,711	25,416
—	—	—	—	—	—	361	351
—	—	—	—	—	—	82	190
—	—	—	—	—	—	—	—
92	176	—	—	—	—	1,031	2,207
7,536	7,071	3,983	3,592	—	—	16,980	15,107
131,762	123,876	—	—	—	—	144,557	137,420
32,630	28,891	—	—	—	—	—	—
—	—	489	735	—	—	489	735
—	—	—	—	35	25	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
471	29	—	—	—	—	506	184
203,173	185,430	4,472	4,327	63	53	194,717	181,610
—	—	—	—	—	—	53	57
—	—	—	—	—	—	473	467
32,630	28,891	2,369	81	—	—	—	—
133,873	125,816	868	408	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	146,027	138,879
—	—	—	—	—	—	403	213
34	—	17	—	—	—	—	—
45	41	1,191	3,781	—	—	3,605	3,903
—	—	27	57	30	25	319	82
166,582	154,748	4,472	4,327	30	25	150,880	143,601
36,591	30,682	—	—	33	28	43,837	38,009
—	—	—	—	—	—	30,664	23,366
36,591	30,682	—	—	33	28	74,501	61,375

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — Statement of Debt Financing

YEAR ENDED DECEMBER 31, 1985 — WITH COMPARATIVE FIGURES FOR 1984
THOUSANDS OF DOLLARS

	1985	1984
FINANCES ACQUIRED		
Gross proceeds from debt issues	$ 87,300	90,800
Loans from sinking and other funds	6,973	108
Bank loan	590	—
Transfers from Capital Repayment Equalization Fund	780	—
	95,643	90,908
Principal repayments from Regional Districts	9,264	8,979
Transfers from Capital Repayment Equalization Fund—net	32,230	15,783
Transfers from Debt Reserve Fund	114	81
Bank loans	3,918	12,073
	45,526	36,916
Total finances acquired	$ 141,169	127,824
FINANCES APPLIED		
Retirement of long-term debt	$ 56,889	—
Issue and refunding costs	1,944	1,099
Advances to Regional Districts	36,436	88,900
Transfers to Debt Reserve Fund	374	909
	95,643	90,908
Bank loans	7,917	11,689
Retirement of long-term debt	34,859	22,726
Transfers to sinking funds—net	2,750	2,501
	45,526	36,916
Total finances applied	$ 141,169	127,824

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds

DECEMBER 31, 1985

1 Organization of Municipal Finance Authority of British Columbia and significant accounting policies

The Municipal Finance Authority of British Columbia (the "Authority"), created in 1970 by the Municipal Finance Authority of British Columbia Act (the "Act"), is the central borrowing agency for financing of capital requirements (other than for schools and hospitals) for regional districts and their member municipalities in the Province of British Columbia (the "Province"). The Authority issues its own securities and lends the proceeds to the regional districts on whose request the financing is undertaken. Obligations of the Authority are not obligations of the Province and are not directly or indirectly guaranteed by the Province.

The Authority follows the normal practice in local government accounting and maintains its accounts according to the principles of fund accounting, a technique by which its financial resources are segregated for specific activities or to attain certain objectives. Five funds are maintained. A brief description of each fund and its purpose is as follows:

OPERATING FUND

The Act provides for the establishment of an operating fund to meet the annual operating budget. For this purpose, the Authority may impose, annually, rates not exceeding the prescribed rates on all taxable land and improvements in the Province.

DEBT FUND

The Authority's financing activities on behalf of the regional districts in the Province are recorded in the Debt Fund.

CAPITAL REPAYMENT EQUALIZATION FUND

The Capital Repayment Equalization Fund is a repository for repayments from the regional districts under their loan agreements in advance of the Authority's requirements on its related indebtedness. Transfers, not exceeding the amount available in respect of each issue, are made to the Debt Fund to meet the Authority's obligations when due.

DEBT RESERVE FUND

Under the Act, the Authority is required to establish a Debt Reserve Fund. Each regional district sharing in the proceeds of a debt issue is required to pay into the Debt Reserve Fund an amount equal to one-half the average annual instalment of principal and interest in respect of its own borrowing together with one-half the average annual instalment of principal and interest as set out in the agreements entered into with the regional district by member municipalities in respect of their borrowings; such amount is payable either in full or in an amount equal to 1% of the principal amount borrowed with the balance secured by a non-interest bearing demand note.

If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the Debt Reserve Fund.

Notes to Financial Statements — All Funds / continued

MARKET DEVELOPMENT FUND

The development of markets for the Authority's securities issues is segregated in the Market Development Fund. It is funded by transfers from the Operating Fund.

A summary of significant accounting policies is as follows:

PRIOR YEAR'S SURPLUS

The Authority appropriates the prior year's surpluses to current revenue except the Debt Fund surplus which relates to the sinking funds.

INCOME RECOGNITION

The annual operating levy is recognized as revenue in the Operating Fund when the rates have been set by the Authority in March of each year. It is collected on behalf of the Authority by the municipalities in the Province and the Provincial Surveyor of Taxes and is payable to the Authority on August 1 each year.

OFFICE FURNITURE, FIXTURES AND EQUIPMENT

Office furniture, fixtures and equipment are written off in the year of acquisition.

INTEREST ACCRUALS

Interest is accrued only on investments. Accrued interest receivable from the regional districts under the loan agreements and accrued interest payable on the long-term debt are not recorded, except for unpaid matured interest coupons on coupon debentures which are recognized as accounts payable in the Debt Fund.

AMORTIZATION OF ISSUE AND REFUNDING COSTS

The issue and refunding costs are being amortized on a straight-line basis over the average lives of the securities issues to which they relate.

FOREIGN CURRENCY TRANSACTIONS

The long-term debt payable in foreign currencies is recorded in equivalent Canadian dollars at the exchange rates prevailing when the debt was incurred except the debt payable in U.S. dollars which is stated at the rate of U.S. $1 equals Canadian $1.

The Authority does not adjust its assets and liabilities denominated in foreign currencies to reflect the exchange rates at the balance sheet date since, in the opinion of the Authority, its foreign exchange exposure is fully hedged by virtue of its contractual arrangements with the regional districts on whose behalf the financing is undertaken and/or by the application of certain sections of the Act which, essentially, provide that all monetary risks, including foreign currency risks, are obligations of the regional districts.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1985

INVESTMENTS

Investments are carried at cost, adjusted for amortization of premiums and accretion of discounts on a yield basis, except the investments in its own securities which are carried at par value.

SINKING FUNDS

Under the Act, obligations of the Authority purchased for a sinking fund account together with interest, premium, or exchange derived from them shall be held to the credit of that sinking fund account and shall not be resold.

However, securities purchased in anticipation of mandatory annual redemptions for sinking fund purposes are cancelled immediately in accordance with the terms of such issues.

2 Investments

Investments consist of securities of:

	1985		1984
	Par value	Book value	Book value
	(THOUSANDS OF DOLLARS)		
CAPITAL REPAYMENT EQUALIZATION FUND			
Government of Canada, direct or guaranteed	$ 37,183	27,549	13,885
Provincial governments, direct or guaranteed	13,060	8,943	5,282
Chartered banks, direct or guaranteed	26,507	25,676	38,575
Credit Unions in the Province	800	800	1,363
Regional Districts and Municipalities in Canada	1,008	983	941
The Authority	5,570	5,570	2,410
	$ 84,128	69,521	62,456
DEBT RESERVE FUND			
Government of Canada, direct or guaranteed	$ 7,196	5,782	4,961
Provincial governments, direct or guaranteed	12,819	12,749	10,438
Chartered banks, direct or guaranteed	12,577	12,580	14,179
Credit Unions in the Province	46	44	42
	$ 32,638	31,155	29,620

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1985

3
Loans to Regional Districts

Loans to regional districts include $294,320,381 (1984 - $308,790,274) denominated in U.S. dollars.

Under the Act, each regional district sharing in the proceeds of a securities issue must pay over to the Authority such sums as are required to discharge its obligations to the Authority in respect of such securities issue, but if the scheduled payments provided for under the loan agreement are not sufficient to meet the Authority's obligations in respect of that securities issue, the deficiency is a liability of the regional district to the Authority.

At the exchange rates prevailing at December 31, 1985, the scheduled payments under the agreements with the regional districts in respect of the securities payable in Swiss francs and Deutschemarks will not provide sufficient funds to meet the Authority's related obligations when due. Such deficiencies may be met from the Debt Reserve Fund (see Note 6).

The aggregate principal payments recoverable from the regional districts in each of the next five years are as follows:

	1985	1984
	(THOUSANDS OF DOLLARS)	
1985	$	41,895
1986	43,225	41,829
1987	43,587	42,192
1988	44,986	43,590
1989	46,538	45,143
1990	47,992	

4
Deferred receivables from Regional Districts

In 1978, the Authority redeemed the 6% bond issue of Swiss francs 50,000,000 from the proceeds of a bank loan in the amount of Swiss francs 51,600,000. As a result, the Authority incurred an exchange loss of $23,055,505, being the difference between the Canadian dollar equivalent of Swiss francs 50,000,000 at the date of borrowing in 1972 and the Canadian dollar equivalent of Swiss francs 50,000,000 used from the proceeds of the bank loan to finance the redemption.

Under the terms of the loan agreements with the regional districts which participated in the original issue, the exchange loss is a liability of the regional districts to the Authority. Accordingly, it has been recorded in the accounts as deferred receivables from Regional Districts.

For the remainder of the term of the loan agreements, the Authority will recover additional amounts, on a sinking fund basis, from the regional districts so that, at the end of the term of such loan agreements, a fund, the contributions to which will have been adjusted for exchange rate variations on a cumulative basis, will be available to retire the related foreign currency debt. The additional payments from the regional districts are credited to the deferred receivables from Regional Districts account.

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1985

5
Due to sinking and other funds

The Authority may invest sinking fund and Capital Repayment Equalization Fund monies in its own securities maturing not later than the securities for which the sinking or Capital Repayment Equalization Fund account was created.

In addition to its own securities purchased under this provision, loans to the Debt Fund totalling $6,306,088 (1984 - $456,032) together with accrued interest of $56,727 (1984 - $7,815) were outstanding at December 31, 1985. Like the securities, the loans are included in the sinking fund assets and in investments and receivables in the Capital Repayment Equalization Fund and they have not been eliminated in the combined statements.

6
Debt Reserve Fund

The amounts due to the regional districts will be repaid to them when they have made the final payment under their respective loan agreements. If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions must be made from the Debt Reserve Fund. During 1985, deficiencies of $3,237,045 (1984 - $489,132) in the amounts of funds available to meet the principal and interest payments on the Deutschemark loan and the interest and sinking fund payments on the Swiss franc loan have been met by transfers from the Debt Reserve Fund. Such deficiencies are recovered in the following year from the participating regional districts under the terms of their loan agreements.

The Board of Trustees of the Authority may levy or impose upon substantially all taxable land and improvements in the Province rates sufficient to maintain the Debt Reserve Fund at a level not exceeding the amount which would have been in the fund had no such payments been made. Further, the Board of Trustees must impose such rates when the balance in the fund is less than fifty percent of the amount that would have been in the fund had no such payments been made.

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1985

7
Long-term debt

The aggregate long-term debt maturities and sinking fund requirements in each of the next five years are as follows (including the debt payable in European currencies at the exchange rates prevailing at December 31, 1985 and provision for early redemptions at the option of the bondholder):

	1985	1984
	(THOUSANDS OF DOLLARS)	
1985	$	100,051
1986	168,585	167,871
1987	222,718	212,153
1988	131,767	124,718
1989	52,078	50,370
1990	29,735	

Since the maturities of certain of the Authority's securities issues and the related loans to the regional districts do not coincide, refunding of all, or a portion, of such securities issues will be required in future years.

8
Foreign currencies

The long-term debt payable includes the following amounts payable in foreign currencies:

		1985	1984
United States dollars	US$	284,349,000	297,988,000
Swiss francs	SFr	51,600,000	51,600,000
Deutschemarks	DM	5,775,000	6,600,000

No exchange gains or losses accrue to the Authority in respect of the debt payable in U.S. dollars since the related loans to the regional districts are denominated in U.S. dollars and the loan agreements provide for repayment to the Authority in U.S. dollars. In the case of other long-term debt denominated in European currencies, the Authority is not at exchange risk (see Note 1).

9
Sinking funds

The annual deposits to the sinking funds for issues payable in Canadian dollars are based on an interest rate of 5% per annum, capitalized yearly.

Certain securities issues are subject to specific annual redemptions for sinking fund purposes. By purchasing the securities at discount in the open market in anticipation of the sinking fund requirements, the Authority has, to December 31, 1985, retired $13,113,000 (1984 - $17,037,000) of such debt in advance of the scheduled redemptions for sinking fund purposes.

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1985

The assets and the surpluses of the sinking funds are as follows:

	1985		1984
	Par value	Book value	Book value
	(THOUSANDS OF DOLLARS)		
Securities of:			
Government of Canada, direct or guaranteed	$ 25,327	9,489	5,216
Provincial governments, direct or guaranteed	12,755	7,278	6,335
Chartered banks, direct or guaranteed	6,832	6,417	5,969
Credit Unions in the Province	—	—	25
Regional Districts and Municipalities in Canada	1,693	1,536	1,377
The Authority	32,685	32,685	28,248
	$ 79,292	57,405	47,170
Cash		104	101
Accrued interest and other		648	580
Total assets		58,157	47,851
Accumulated actuarial requirements for retirement of the related debt		35,993	29,695
Excess of assets over accumulated actuarial requirements		$ 22,164	18,156

10 Capital Repayment Equalization Fund — surplus

The surplus relates directly to specific securities issues and, if not otherwise appropriated for payment of principal and/or interest during the term of such issues, will be paid over to the regional districts for which the financing was undertaken.

11 Commitments

The minimum future rental commitments for premises and equipment are as follows:

	Premises	Equipment	Total
1986	$ 55,272	20,885	76,157
1987	55,272	19,933	75,205
1988	55,272	19,933	75,205
1989	56,588	19,799	76,387
1990	63,168	9,446	72,614
1991 - 1994	242,144	—	242,144

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — Schedule of Long-Term Debt

DECEMBER 31, 1985 — WITH COMPARATIVE FIGURES FOR 1984
THOUSANDS OF DOLLARS

Issue / Series	Year of issue	Maturity date	Interest rate percent	Currency of payment	Original amount
1	1971	October 1, 1996	8.375	United States	$ 20,000
2	1971	December 1, 1986-1996	7.750	Canadian	1,259
3	1972	March 1, 1992	7.750	Canadian	1,675
		March 1, 1997	7.750	Canadian	2,575
4	1972	October 1, 1986-1992	6.750	West German	4,618
5	1978	November 15, 1987	6.000	Swiss	37,188
6	1973	June 1, 1986-1993	8.125	Canadian	8,727
7	1974	March 1, 1986-1989	9.000	Canadian	887
		March 1, 1994	9.000	Canadian	6,462
9	1974	April 16, 1994	9.000	Canadian	6,800
11	1974	September 3, 1986-1994	10.750	Canadian	5,000
12	1975	January 15, 2000	9.750	United States	34,500
14	1975	April 1, 1985	9.500	Canadian	535
16	1975	September 2, 1985	10.375	Canadian	910
		September 2, 1995	10.750	Canadian	5,000
17	1975	November 1, 2000	9.875	United States	37,000
18	1976	May 1, 2001	8.875	United States	52,500
19	1976	October 15, 2001	8.750	United States	50,000
		October 15, 1986	8.200	United States	10,000
20	1977	June 1, 1988/1997	9.000	Canadian	25,000
		June 1, 1997	9.875	Canadian	20,000
21	1977	December 1, 1986-1987	8.750	Canadian	1,227
		December 1, 1988-1992	9.250	Canadian	961
		December 1, 1997	9.500	Canadian	33,500
		December 1, 2002	9.500	Canadian	7,000
22	1978	June 1, 1998	9.250	United States	29,363
		June 1, 2003	9.375	United States	4,737
23	1978	November 15, 1986-1988	9.500	Canadian	1,150
		November 15, 1989-1993	9.625	Canadian	890
		November 15, 1998	9.950	Canadian	30,000
A23	1978	November 15, 1998	9.950	Canadian	6,735
		November 15, 2003	10.000	Canadian	3,265
24	1979	May 15, 1989/1999	10.250	Canadian	24,000
25	1979	December 6, 1999	12.250	Canadian	54,100
26	1979	December 6, 2004	12.250	Canadian	11,133
27	1980	June 2, 1986	11.375	Canadian	62,705
28	1980	December 1, 2005	13.750	United States	90,000
29	1981	April 29, 1986	13.625	Canadian	95,000
30	1981	October 28, 1985	17.000	United States	54,000

Carried forward

Schedule

December 31, 1985			December 31, 1984	
Outstanding	Sinking funds	Long-term debt, net	Long-term debt, net	References
9,720	467	9,253	10,355	(1)
689	—	689	751	
1,675	503	1,172	1,357	(2)
2,575	450	2,125	2,291	(2)
1,778	—	1,778	2,032	(3)
37,188	—	37,188	37,188	
7,480	—	7,480	8,128	(4)
737	—	737	887	(4)
6,462	4,525	1,937	2,658	(2) (4)
6,800	4,703	2,097	2,837	(2)
4,500	—	4,500	5,000	(4)
17,453	1,251	16,202	18,007	(5)
—	—	—	78	(4)
—	—	—	910	(4)
5,000	—	5,000	5,000	(6)
23,882	1,106	22,776	24,373	(7)
31,577	5	31,572	32,028	(8)
37,675	—	37,675	38,015	(9)
2,650	—	2,650	4,444	(1)
5,341	—	5,341	25,000	(10)
20,000	9,814	10,186	11,748	(2) (4)
553	—	553	797	(4)
961	—	961	961	(4)
33,500	14,649	18,851	21,327	(4)
7,000	2,121	4,879	5,237	(2) (4)
24,435	—	24,435	25,339	(1)
4,246	—	4,246	4,337	(1)
752	—	752	960	(4)
890	—	890	890	(4)
30,000	11,896	18,104	20,349	(2) (4)
6,735	2,670	4,065	4,568	(2) (4)
3,265	897	2,368	2,537	(2) (4)
24,000	—	24,000	24,000	(11)
47,092	—	47,092	47,815	(12)
11,133	2,171	8,962	9,403	(2) (13)
50,825	—	50,825	53,740	
82,711	—	82,711	84,072	(14)
95,000	—	95,000	95,000	(4) (15)
—	—	—	54,000	(16)
646,280	57,228	589,052	688,419	

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Schedule of Long-Term Debt / continued

DECEMBER 31, 1985 — WITH COMPARATIVE FIGURES FOR 1984
THOUSANDS OF DOLLARS

Issue / Series	Year of issue	Maturity date	Interest rate percent	Currency of payment	Original amount
			Brought forward		
31	1982	June 30, 1987	16.750	Canadian	102,600
32	1982	October 27, 1988	13.625	Canadian	100,000
33	1983	June 15, 1993	11.750	Canadian	25,000
		June 15, 2003	12.375	Canadian	63,300
34	1983	November 22, 1993	12.000	Canadian	58,000
		November 22, 1993	12.125	Canadian	21,000
35	1984	May 15, 1987/1990	12.625	Canadian	60,300
36	1984	December 5, 2004	13.000	Canadian	30,500
CA	1985	June 12, 2005	12.000	Canadian	21,800
EA	1985	October 28, 2000/2005	11.250	United States	50,000
CB	1985	December 12, 2005	11.000	Canadian	15,500

Canadian
United States
Swiss
West German

Schedule

December 31, 1985			December 31, 1984	
Outstanding	Sinking funds	Long-term debt, net	Long-term debt, net	References
$ 646,280	57,228	589,052	688,419	
102,600	—	102,600	102,600	(4)
100,000	—	100,000	100,000	(4)
21,752	—	21,752	23,510	(1)
63,300	—	63,300	63,300	(1)
58,000	—	58,000	58,000	(4)
21,000	—	21,000	21,000	(17)
60,300	—	60,300	60,300	(4) (18)
30,500	929	29,571	30,500	(2) (19)
21,800	—	21,800	—	(2) (20)
50,000	—	50,000	—	(21)
15,500	—	15,500	—	(22)
$ 1,191,032	58,157	1,132,875	1,147,629	

$	867,717
	284,349
	37,188
	1,778
$	1,191,032

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — References to Schedule of Long-Term Debt

DECEMBER 31, 1985

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1 Non-callable except for sinking fund purposes.

2 The sinking fund has been calculated to provide for retirement of the issue at maturity.

3 Callable on October 1, 1986 and annually thereafter at 101.50% reducing to 100.25% in 1991. Callable annually, also, at 101% in 1986 reducing to 100% in 1991, upon the imposition of withholding taxes.

4 Non-callable prior to maturity.

5 Non-callable prior to January 15, 1990 except for sinking fund purposes. Callable on January 15, 1990 and thereafter at any time at 103.50% reducing to 100% on or after January 16, 1999.

6 The sinking fund to provide for retirement of the issue at maturity will begin in 1986.

7 Non-callable prior to November 1, 1990 except for sinking fund purposes. Callable on November 1, 1990 and thereafter at any time at 103.25% reducing to 100% on or after November 2, 1998.

8 Non-callable prior to May 1, 1991 except for sinking fund purposes. Callable on May 1, 1991 and thereafter at any time at 102.75% reducing to 100% on or after May 2, 1999.

9 Non-callable prior to October 15, 1991 except for sinking fund purposes. Callable on October 15, 1991 and thereafter at any time at 102.75% reducing to 100% on or after October 16, 1999.

10 Redeemable at holder's option on June 1, 1988, 1991 or 1994. Callable upon the imposition of withholding taxes at 101.50% reducing to 100.25% over the remainder of the term to maturity.

11 Redeemable at holder's option on May 15, 1989 or 1994. Callable on May 15, 1986 and annually thereafter at 101% if called on or before May 15, 1994 and at 100.50% thereafter. Callable also, at any time, upon the imposition of withholding taxes, at 101% if called on or before May 15, 1994 and at 100.50% thereafter.

12 Non-callable prior to December 6, 1994 except for sinking fund purposes. Callable on December 6, 1994 and thereafter at any time at 100%.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — References to Schedule of Long-Term Debt / continued

DECEMBER 31, 1985

13	Callable on December 6, 1997 and thereafter at any time at 100%.
14	Non-callable prior to December 1, 1995 except for sinking fund purposes. Callable on December 1, 1995 and thereafter at any time at 105.02% reducing to 100% on or after December 1, 2004.
15	Exchangeable at holder's option for bonds maturing on April 29, 2001 and bearing interest at the rate of 14% per annum from April 29, 1986. Holders of bonds totalling $91,362,000 have exercised their option to exchange. The extended bonds will be issued after April 29, 1986.
16	Called on October 28, 1985.
17	Non-callable prior to maturity unless lender so agrees.
18	Redeemable at holder's option on May 15, 1987.
19	Non-callable prior to December 5, 1999 except for sinking fund purposes. Callable on December 5, 1999 and thereafter at 100%.
20	Callable on June 12, 2000 and thereafter at any time at 100%.
21	Redeemable at holder's option on October 28, 2000. Callable on October 28, 1993 and thereafter at 103% reducing to 100% from October 28, 1999 to October 28, 2000. Callable also, at any time, upon the imposition of withholding taxes, at 100%. The interest rate is effective until October 28, 2000; it will be reset by the Authority from October 29, 2000.
22	Callable on December 12, 2000 and thereafter at any time at 100%.

Ten Year Review — Combined Funds

THOUSANDS OF DOLLARS

	1985	1984	1983	1982
ASSETS				
Cash	$ 3,186	3,658	1,749	2,348
Receivables	1,627	1,724	1,951	1,226
Investments	100,676	92,076	70,968	49,611
Demand notes receivable from Regional Districts	80,243	77,863	71,867	61,703
Loans to Regional Districts	1,122,746	1,127,416	1,074,500	939,718
Deferred receivables from Regional Districts	19,318	21,573	21,573	21,573
Unamortized issue and refunding costs	2,066	1,100	1,312	1,525
Total assets	$ 1,329,862	1,325,410	1,243,920	1,077,704
LIABILITIES AND SURPLUS				
Accounts payable and unpresented matured debt	$ 2,256	2,507	2,697	2,012
Due to banks	1,455	4,939	4,615	2,380
Due to sinking and other funds	6,363	464	564	1,302
Reserves for information systems enhancement	92	66	109	75
Due to Regional Districts	112,320	108,430	97,805	83,411
Long-term debt, net	1,132,875	1,147,629	1,089,348	950,432
Total liabilities	1,255,361	1,264,035	1,195,138	1,039,612
Surplus	74,501	61,375	48,782	38,092
Total liabilities and surplus	$ 1,329,862	1,325,410	1,243,920	1,077,704
REVENUE				
Prior year's surplus appropriated	$ 30,711	25,416	20,985	15,772
Operating levy	361	351	350	352
Recoveries from new issues	82	190	65	62
Gains on purchases of own debentures	1,031	2,207	2,459	4,674
Interest from investments	16,980	15,107	11,381	9,380
Interest from loans to Regional Districts	144,557	137,420	121,061	98,158
Recovery of deficiencies from Regional Districts	489	735	201	486
Allocations from Regional Districts	—	—	—	—
Other	506	184	205	664
Total revenue	194,717	181,610	156,707	129,548
EXPENDITURE				
Legislative	53	57	48	51
Administrative	473	467	352	340
Interest	146,027	138,879	121,681	98,964
Amortization of issue and refunding costs	403	213	213	248
Allocations to Regional Districts	3,605	3,903	2,675	3,113
Other	319	82	63	37
Total expenditure	150,880	143,601	125,032	102,753
Excess of revenue over expenditure for the year	43,837	38,009	31,675	26,795
Surplus at beginning of the year not appropriated to current revenue	30,664	23,366	17,107	11,297
Surplus at end of the year	$ 74,501	61,375	48,782	38,092

1981	1980	1979	1978	1977	1976
415	633	383	201	175	178
992	589	662	1,862	368	811
39,863	30,540	27,883	18,993	16,235	11,112
48,906	37,374	27,686	22,467	18,493	13,760
787,185	659,338	524,094	450,270	385,900	306,795
21,573	21,787	22,167	23,055	—	—
1,555	1,612	1,714	1,464	1,379	1,039
900,489	751,873	604,589	518,312	422,550	333,695
202	473	212	94	111	77
14,760	2,684	—	972	—	—
—	2,831	—	—	—	—
45	25	78	44	25	12
65,903	50,186	36,957	29,945	25,431	19,605
792,509	679,886	557,492	481,337	391,971	311,173
873,419	736,085	594,739	512,392	417,538	330,867
27,070	15,788	9,850	5,920	5,012	2,828
900,489	751,873	604,589	518,312	422,550	333,695
10,945	8,329	5,164	4,637	2,596	2,120
309	270	225	205	210	182
55	48	39	36	—	—
6,351	2,921	503	244	7	37
6,173	3,989	2,766	1,880	1,340	973
78,144	56,434	44,360	37,975	30,683	21,300
1,050	1,662	1,666	664	295	232
—	—	—	115	—	—
46	—	—	—	—	—
103,073	73,653	54,723	45,756	35,131	24,844
44	48	43	40	36	29
313	240	228	205	179	167
77,175	56,050	42,807	38,675	29,543	21,208
286	342	328	1,071	236	213
3,036	2,512	1,909	—	236	425
(8)	195	314	221	121	84
80,846	59,387	45,629	40,212	30,351	22,126
22,227	14,266	9,094	5,544	4,780	2,718
4,843	1,522	756	376	232	110
27,070	15,788	9,850	5,920	5,012	2,828

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1985 $(000)	INTEREST
2	7.75% Serial Debentures due December 1, 1972-1996	December 1, 1971	1,258	689	Semi-annual June 1 December 1
3	7.75% Sinking Fund Debentures due March 1, 1992	March 1, 1972	1,675	1,675	Semi-annual March 1 September 1
	7.75% Sinking Fund Debentures due March 1, 1997	"	2,575	2,575	"
6	8.125% Serial Debentures due June 1, 1984-1993	June 1, 1973	8,727	7,480	Semi-annual June 1 December 1
7	9% Instalment Debentures due March 1, 1985-1989	March 1, 1974	887	737	Semi-annual March 1 September 1
	9% Sinking Fund Debentures due March 1, 1994	"	6,462	6,462	"
9	9% Sinking Fund Debenture due April 16, 1994	April 16, 1974	6,800	6,800	Semi-annual April 16 October 16
11	10.75% Instalment Debentures due September 3, 1985-1994	September 3, 1974	5,000	4,500	Semi-annual March 3 September 3
16	10.75% Sinking Fund Debentures due September 2, 1995	September 2, 1975	5,000	5,000	Semi-annual March 2 September 2

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000	Non-callable	1986—67 1987—72 1988—77 1989—83 1990—90	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000	Non-callable	Annual deposits 1983-1992	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1983-1997	"	
Coupon—$1,000	Non-callable	1986—701 1987—757 1988—819 1989—886 1990—956	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	1986—163 1987—177 1988—192 1989—205	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1975-1994	"	
Fully registered	Non-callable	Annual deposits 1975-1994	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	1986—500 1987—500 1988—500 1989—500 1990—500	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	Annual deposits 1986-1995	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1985 $(000)	INTEREST
20	9.875% Sinking Fund Debentures due June 1, 1997	June 15, 1977	20,000	20,000	Semi-annual June 1 December 1
21	8.75% Serial Debentures due December 1, 1983-1987	December 1, 1977	1,227	553	Semi-annual June 1 December 1
	9.25% Serial Debentures due December 1, 1988-1992	"	961	961	"
	9.50% Sinking Fund Debentures due December 1, 1997	"	33,500	33,500	"
	9.50% Sinking Fund Debentures due December 1, 2002	"	7,000	7,000	"
23	9.50% Serial Debentures due November 15, 1984-1988	November 15, 1978	1,150	752	Semi-annual May 15 November 15
	9.625% Serial Debentures due November 15, 1989-1993	"	890	890	"
	9.95% Sinking Fund Debentures due November 15, 1998	"	30,000	30,000	"
A23	9.95% Sinking Fund Debentures due November 15, 1998	November 15, 1978	6,735	6,735	Semi-annual May 15 November 15
	10% Sinking Fund Debentures due November 15, 2003	"	3,265	3,265	"

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	Annual deposits 1978-1997	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	1986—265 1987—288	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	1988—160 1989—175 1990—191	"	
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	"	Annual deposits 1978-1997	"	
"	"	Annual deposits 1978-2002	"	
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	1986—228 1987—250 1988—274	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	1989—147 1990—161	"	
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	"	Annual deposits 1979-1998	"	
Fully registered $1,000 and multiples thereof	Non-callable	Annual deposits 1979-1998	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1979-2003	"	

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1985 $(000)	INTEREST
25	12.25% Sinking Fund Debentures due December 6, 1999	December 6, 1979	54,100	47,092	Semi-annual June 6 December 6
26	12.25% Sinking Fund Debentures due December 6, 2004	December 6, 1979	11,133	11,133	Semi-annual June 6 December 6
27	11.375% Instalment Debentures due June 2, 1981-1986	June 2, 1980	62,705	50,825	Semi-annual June 2 December 2
29	13.625% Bonds due April 29, 1986	April 29, 1981	95,000	95,000	Semi-annual April 29 October 29
31	16.75% Debentures due June 30, 1987	September 1, 1982	102,600	102,600	Semi-annual June 30 December 31
32	13.625% Bonds due October 27, 1988	October 27, 1982	100,000	100,000	Semi-annual April 27 October 27

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after Dec. 6, 1994. Callable also for sinking fund purposes	1986—1,700 1987—1,900 1988—2,100 1989—2,300 1990—2,300	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered $1,000 and multiples thereof	Callable at par on or after Dec. 6, 1997	Annual deposits 1980-2004	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered $1,000 and multiples thereof	Callable June 2, 1983—103.50% June 2, 1984—102.50% June 2, 1985—101.75%	1986—50,825	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	Exchangeable at holder's option for Bonds due April 29, 2001 with interest at 14% from April 29, 1986. Right may be exercised after April 29, 1985 and prior to October 29, 1985	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1985 $(000)	INTEREST
33	12.375% Sinking Fund Debentures due June 15, 2003	June 15, 1983	63,300	63,300	Semi-annual June 15 December 15
34	12% Bonds due November 22, 1993	December 15, 1983	58,000	58,000	Semi-annual May 22 November 22
35	12.625% Retractable Debentures due May 15, 1990	May 15, 1984	60,300	60,300	Semi-annual May 15 November 15
36	13% Sinking Fund Debentures due December 5, 2004	December 5, 1984	30,500	30,500	Semi-annual June 5 December 5
CA	12% Sinking Fund Debentures due June 12, 2005	June 12, 1985	21,800	21,800	Semi-annual June 12 December 12
CB	11% Debentures due December 12, 2005	December 12, 1985	15,500	15,500	Semi-annual June 12 December 12

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable except for sinking fund purposes	Sinking fund will begin in 1994	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	Retractable at holder's option on May 15, 1987. Right may be exercised after November 15, 1986 and prior to February 18, 1987	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after December 5, 1999	Annual deposits 1985-2004	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after June 12, 2000	Annual deposits 1986-2005	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after December 12, 2000	None	N/A	Municipal Finance Authority of British Columbia 100-880 Douglas St. Victoria, B.C. V8W 2B7 Guaranty Trust Company of Canada 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1985 $(000)	INTEREST
20	9% Bonds due June 1, 1985/1997	June 1, 1977	25,000	5,341	Annual June 1
24	10.25% Bonds due May 15, 1989/1999	May 15, 1979	24,000	24,000	Annual May 15
33	11.75% Bonds due June 15, 1993	June 15, 1983	25,000	21,752	Annual June 15

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. $(000)	OUTSTANDING DECEMBER 31, 1985 U.S. $(000)	INTEREST
EA	Retractable Bonds due October 28, 2000/2005	October 28, 1985	50,000	50,000	Annual October 28 Rate 11.25% until October, 2000. Rate will be reset from October 29, 2000

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS $(000)	RETRACTION	PRINCIPAL PAYING AGENT/TRUSTEE/ STOCK EXCHANGE LISTING
Coupon—$1,000	Non-callable except upon imposition of withholding taxes	None	Retractable at par at option of holder on June 1, 1985, 1988, 1991 or 1994. Right may be exercised not more than 360 or less than 90 days prior to June 1	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg
Coupon—$1,000	Callable on May 15, 1984 and annually thereafter until May 15, 1994 at 101%, from May 15, 1995 at 100.50%	None	Retractable at par at option of holder on May 15, 1989 or 1994. Right may be exercised no more than 360 or less than 90 days prior to May 15	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable except for sinking fund purposes	1986—1,871 1987—2,087 1988—2,327 1989—2,507 1990—2,757	N/A	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS U.S. $(000)	RETRACTION	FISCAL AGENT/ STOCK EXCHANGE LISTING
Coupon— U.S. $1,000 U.S. $5,000	Callable on October 28, 1993 and thereafter at 103% declining by 0.50% on each October 28, to 100% on or after October 28, 1999	None	Retractable at par at option of holder on October 28, 2000. Right may be exercised not more than 30 days or less than 15 days prior to October 28, 2000	Kredietbank S.A. Luxembourgeoise Luxembourg. Luxembourg Stock Exchange Luxembourg

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in the United States

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. $(000)	OUTSTANDING DECEMBER 31, 1985 U.S. $(000)	INTEREST
1	8.375% Sinking Fund Debentures due October 1, 1996	October 1, 1971	20,000	9,720	Semi-annual April 1 October 1
12	9.75% Sinking Fund Debentures due January 15, 2000	January 15, 1975	34,500	17,453	Semi-annual January 15 July 15
17	9.875% Sinking Fund Debentures due November 1, 2000	November 1, 1975	37,000	23,882	Semi-annual May 1 November 1
18	8.875% Sinking Fund Debentures due May 1, 2001	May 1, 1976	52,500	31,577	Semi-annual May 1 November 1

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS U.S. $(000)	AUTHENTICATING AND PAYING AGENT
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes	1986—1,066 1987—1,149 1988—1,246 1989—1,350 1990—1,463	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Jan. 15, 1990. To Jan. 15, 1993 —103.50% To Jan. 15, 1996 —102.25% To Jan. 15, 1999 —101%	1986—1,550 1987—1,376 1988—1,509 1989—1,657 1990—1,819	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Nov. 1, 1990. To Nov. 1, 1993 —103.25% To Nov. 1, 1996 —101.75% To Nov. 1, 1998 —100.75%	1986—1,552 1987—1,705 1988—1,873 1989—2,059 1990—2,262	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to May 1, 1991. To May 1, 1994 —102.75% To May 1, 1997 —101.50% To May 1, 1999 —100.75%	1986—2,461 1987—2,122 1988—2,310 1989—2,515 1990—2,738	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in the United States

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. $(000)	OUTSTANDING DECEMBER 31, 1985 U.S. $(000)	INTEREST
19	8.75% Sinking Fund Debentures due October 15, 2001	October 15, 1976	50,000	37,675	Semi-annual April 15 October 15
	8.20% Sinking Fund Debentures due October 15, 1986	"	10,000	2,650	"
22	9.25% Sinking Fund Debentures due June 1, 1998	June 1, 1978	29,363	24,435	Semi-annual June 1 December 1
	9.375% Sinking Fund Debentures due June 1, 2003	"	4,737	4,246	"
28	13.75% Sinking Fund Debentures due December 1, 2005	December 1, 1980	90,000	82,711	Semi-annual June 1 December 1

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS U.S. $(000)	AUTHENTICATING AND PAYING AGENT
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Oct. 15, 1991. To Oct. 15, 1994 —102.75% To Oct. 15, 1997 —101.625% To Oct. 15, 1999 —100.625%	1986— 114 1987—2,578 1988—2,801 1989—3,045 1990—3,308	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005
"	Non-callable except for sinking fund purposes	1986—2,650	
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes. Optional redemption— Tenders may be called from all holders	1986— 987 1987—1,078 1988—1,178 1989—1,210 1990—1,322	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005
"	"	1986— 99 1987— 108 1988— 118 1989— 130 1990— 141	
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Dec. 1, 1995. On Dec. 1, 1995 and thereafter at 105.02% declining by 0.56% on each Dec. 1, to 100% on or after Dec. 1, 2004	1986—2,054 1987—2,337 1988—2,660 1989—3,027 1990—3,445	Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005